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ENGLISH COLONIAL FISCAL SYSTEMS IN THE FAR EAST.

In the study of the government of the British dependencies, one finds a most interesting group in the Far East. In the Malay Archipelago, we find British influence dominant in the north and west of Borneo, where the British North Borneo Co. has acquired the government of a large tract in British North Borneo and Labuan, and in the little kingdom of Sarawak, where the successors of Rajah Brooke, though technically independent in internal affairs, keep that little kingdom as an English protectorate under the influence of English ideas. The still less advanced British New Guinea, acquired at the instance of the Australasian colonies, with Fiji, lying still farther east, illustrate each a different method of dealing with dependencies.

Of far more importance is Hong Kong with its adjoining piece of territory, the promontory of Kowloon, lying opposite the most important foreign trading post in China. For political rather than financial reasons, the new acquisition of Wei-hai-wei on the Gulf of Pechili, opposite Port Arthur which Russia has lately acquired, is also noteworthy.

At a much earlier period, the Straits Settlements, which practically hold a commanding position on the highway from Europe to the Far East, were seen to be of great importance, and today, with the Federated Malay States under their direction, furnish us perhaps the best example of British success in dealing with the problem of partly civilized Malay peoples ; while Ceylon, also an early colony, in different surroundings, with a different type of natives, furnishes an example of an

entirely different kind which the English government has administered from the fiscal standpoint, in a materially different way.

THE STRAITS SETTLEMENTS.

These settlements derive *their name from the Straits* of Malacca, separating the Malay peninsula from the island of Sumatra. They consist especially of the island of Penang, with the adjoining strip of territory known as the Province Wellesley, lying opposite; the islands and mainland of the Dindings, connected with Penang in its local government; Malacca, some two hundred and forty miles south-east of Penang on the Straits; and Singapore, a small island at the southern extremity of the Peninsula on the main entrance to the China Sea. The total area of these Settlements, with some small islands attached thereto for administrative purposes, is only some 1542 square miles; but their commanding position and their large and rapidly growing trade, together with the control that they at present exert over the adjoining protected Malay states, render them of great significance. The population in 1891 was as follows:

	Singapore		Penang		Malacca		Totals	
	Males	F'males	Males	F'males	Males	F'males	Males	F'males
Europeans and Americans . . .	4,312	942	893	308	85	49	5,290	1,299
Eurasians	1,764	1,825	824	888	821	935	3,409	3,648
Asiatics	135,254	40,457	151,167	81,538	49,431	40,849	335,852	162,844
Totals (1891) . . .	141,330	43,224	152,884	82,734	50,337	41,833	344,551	167,791

In 1891 there were in the Settlements 213,073 Malays, 227,989 Chinese, and 53,927 natives of India.

History.—The first settlement by Europeans was at Malacca in 1511 by the Portuguese. These were succeeded by the Dutch in 1641, who held the post until

1795, when the English took possession. After a recession to the Dutch in 1818, Malacca, by a treaty with Holland in 1824, came finally into the possession of the English East India Co., the English agreeing at the time not to interfere with the Dutch possessions remaining. Malacca had been known as one of the great stations for eastern trade even before the Portuguese took possession; but since Penang and Singapore have been developed by the English, it has fallen into an inferior position.

The first British possession on the Straits of Malacca was Penang, which was ceded to the English government by the Raja of Kedah in 1785 for an annual sum of \$6,000 to be paid as long as the British occupy the island. In 1798, in order that the adjoining territory might be cleared of pirates, the strip of territory called Province Wellesley, some forty-five miles in length and ten or twelve miles in width, was acquired. The Dindings' territory, including the island of Pangkor and the Sembilan islands, was ceded to England in 1826 with the same purpose in view; and in 1874, a strip of territory on the main land, lying opposite, was added to this.

Singapore was taken possession of for England by Sir Stamford Raffles in 1819, and in 1826, it united with Penang and Malacca under one government. Penang remained the capital until 1836, when Singapore became the seat of government.

Government.—At present the government consists of a governor who acts with an executive and a legislative council. The executive council consists of the general officer commanding the troops, the colonial secretary, the resident councillor of Penang, the resident councillor of Malacca, the attorney general, the colonial treasurer,

the auditor general, the colonial engineer and the governor. The legislative council consists of the above members of the executive council, together with seven unofficial members, two of whom are nominated by the chambers of commerce of Singapore and Penang. While the government thus makes its own ordinances and is allowed very great latitude in settling its own affairs, it is noticeable that through the appointive executive officers, who are in the majority, the control is absolutely in the hands of the home government whenever it may wish to exert its power. Furthermore, the affairs of the Straits Settlements may be regulated by an Order in Council of the home government at any time, should that be considered necessary. The Governor of the Straits Settlements is also High Commissioner for the Federated Malay States, and High Commissioner for the Territories of the British North Borneo Company, Brunei and Sarawak.

Finances.—The colony is composed of small settlements which, while in some instances quite productive, are still not large enough to be of special significance themselves. Its prosperity is due rather to the fact of its being an exceedingly important port for transshipment of goods, its profits being mainly made from importing and exporting goods produced elsewhere. More than fifty lines of steamers stop at Singapore. Regular communication is had with Europe, China and Japan, some of the lines sending steamers weekly. The local trade is also large and increasing.

Owing to these facts, it has been considered wise for the government to levy no import or export duties, but to secure its revenues in other ways. Even tonnage dues are not levied for general purposes, "the only tax to which shipping is liable consisting of a very moderate

one of one anna per ton register in support of the abundant lighthouses on the coast."

Revenues.—The chief sources of revenue are :

¹ A stamp tax which provides for stamps on legal papers, bills of exchange, checks, promissory notes, etc.

² A land revenue which provides that the annual rate of assessment shall not exceed $\frac{1}{10}$ of the value of the produce.

³ Licenses : on opium, the most important and profitable of all ; on liquors for distillers, \$50 ;⁴ public houses of the first class, \$240 per annum ; second class, \$120 ; third class, \$96 ; retail liquor shops, \$72 per annum ; and a farm shop not to exceed \$24.

⁵ Petroleum,—a license for twelve months for quantity not exceeding fifty cases, \$6 ; exceeding fifty, but not exceeding 5,000, \$24 ; for every additional 5,000 cases, \$24.

A farm shop license fee for opium not exceeding \$25 a year.

There are also license fees for burial and burning grounds of from \$25 to \$100, which may be changed by the governor⁶ ; upon brokers' shops at a fee prescribed by the governor.⁷

A license fee on carriages is levied, in addition to the municipal tax mentioned later.

Expenditure.—The chief sources of expenditure are : for the establishment, including salaries of all officials, pensions and buildings ; for railroads, streets, bridges

¹ Ordinances, 1885, No. 10, amended 1887, No. 17.

² Ordinances, 1886, No. 9.

³ Ordinances, 1894, No. 11, amended 1896, No. 10.

⁴ The Mexican dollar is the coin regularly quoted.

⁵ Ordinances, 1896, No. 111.

⁶ Ordinances, 1887, No. 11, amended 1896, No. 19.

⁷ Ordinances, 1898, No. 4.

and canals; for education; for police; for military and naval expenditures.

In 1896¹ an ordinance was passed appropriating seventeen and a half per cent. of the colonial revenue as a contribution for the defence of the colony, this to include "gross receipts of revenue from all sources, but not proceeds of land sales and premia on leases or statutory land grants. The said percentages shall be deemed to be a fixed contribution payable by the colony in full return for the annual cost of the imperial garrison, including cost of maintenance, of military works and buildings, but not capital expended for military lands and buildings, nor charge for lodgings in lieu of barracks."

The new harbor of Singapore, which has been fully armed and fortified, cost for the fortifications £100,000, which expense was defrayed by the colony. The forts have been armed and equipped by the mother country.

In the year 1876, as a consequence of the rebellion of the Malay States a considerable debt was incurred which in the year 1877 amounted to £120,455. That has, however, been gradually paid off, the final payment being made in 1890, leaving the colony out of debt at present, except for an occasional temporary loan.

On the other hand, the Straits Settlements have acted in this regard as a mother country to the Federated Malay States, having loaned to them quite large sums, especially for the building and equipment of railroads, this loan forming at the present time the main item of the government's assets.

The adjoining tables give the revenue, expenditures, the shipping entered and cleared, the imports and exports for the years 1890 to 1897, together with the chief

¹ Ordinances of 1896, IV.

items of revenue and expenditure for 1897, the estimates for 1898-1899, and the assets and liabilities for 1894-1895.

Year.	[ooo omitted.] Finances.		Shipping Entered and Cleared Exclusive of Native Craft.	
	Revenue.	Expenditure.	British Tonnage.	Total Tonnage.
1890-----	\$4,269	\$3,758	7,033	9,679
1891-----	3,827	4,599	6,675	9,385
1892-----	3,653	4,266	6,146	9,070
1893-----	3,706	3,915	7,427	10,614
1894-----	3,905	3,715	7,711	11,126
1895-----	4,048	3,782	8,097	11,066
1896-----	4,266	3,957	9,016	12,508
1897-----	4,320	4,430	8,326	12,207
1898-----	5,086	4,965 (estimated)		
1899-----	4,919	5,372 (estimated)		

REVENUES AND EXPENDITURES, 1897.

Stamps -----	\$ 304	Public works-----	\$ 494
Licenses -----	2,597	Education -----	92
Land revenue-----	260	Police -----	89
Port and harbor dues----	168	Marine Dept.-----	64
Postage -----	212	Transport-----	12
Salaries-----	1,553	Military expense-----	1,027

ASSETS AND LIABILITIES.

	1894.	1895.
Assets, Jan. 1-----	\$2,370	\$2,605
(a) Cash on current accts., week locals-----	640	822
(b) Investments, gold ¹ -----	137	137
(c) Invested in Government of India loan-----	---	---
(d) Loans of Native States-----	1,088	1,083
(e) Loans to municipalities-----	22	21
(f) Other investments-----	357	391
(g) Miscellaneous advances, etc-----	36	19
(h) Singapore defences-----	---	---
(i) Revenue in arrears-----	75	115
(j) Cash on current account with crownage--	16	17
Liabilities, Jan. 1.		
Deposits, etc-----	\$676	\$614
Balance in favor of crown agents-----	---	---
Temporary loan-----	141	141
Suspense account-----	---	59
Expenditures in arrears-----	25	32
Debenture loan-----	---	---
Total-----	835	846

¹ Excluding amount from loans on public works.

All the items for 1894 and 1895 are not given here because not in form for comparison. But the total is correct, though not sum of items here cited.

Year.	Imports.		Exports.	
	From U. K.	Total.	To U. K.	Total.
1890-----	23,552	147,297	24,785	127,924
1891-----	21,502	135,886	24,505	125,806
1892-----	22,296	141,428	25,085	134,638
1893-----	22,127	160,149	30,294	144,757
1894-----	27,852	209,354	31,759	173,900
1895-----	21,600	198,218	30,062	172,975
1896-----	21,681	201,344	26,012	173,721
1897-----	28,476	220,000	25,926	191,357

Local Government.—There are municipal Boards at Singapore, Penang and Malacca, the members of which are partly elected by the rate payers and partly nominated by the government. The municipal revenues are derived mainly from :

A rate on the assessed annual value of all houses, lands, buildings and tenements. Twelve per cent. is levied if the property is situated within the water limit ; 9 per cent. if outside.

A tax on carriages and other vehicles and draft animals varying from \$12 on a four wheeled carriage on springs, to \$4 for a cart of any kind drawn by a man, while \$2 is paid on a horse or mule.

A dog tax of \$1.50 per annum.

A business license for many trades, especially those dangerous or likely to be offensive, such as fish curing, making or storing matches or fireworks, boiling offal, blood or oils, petroleum depots, etc.

Fees on building plans, etc.

Water rates.

The accounts of the cities for the year 1897 were as follows :

	<i>Singapore.</i>	<i>Penang.</i>	<i>Malacca.</i>
Revenue, 1897-----	\$870,696	\$349,951	\$28,779
Expenditure, 1897-----	948,727	393,786	27,089
Cash Balances at close of year-----	196,866	25,786	6,710
Loans outstanding at close of year	1,143,235*	350,000	20,000

* Net amount outstanding.

THE FEDERATED MALAY STATES.

History.—Previous to the year 1874 the native States of the Malay Peninsula while having some previous relations of a semi-commercial, semi-political character with the Straits Settlements had nevertheless been independent. The prevailing disquiet, amounting in many instances to anarchy in several of the States, disturbed the Straits Settlements much and was a great hindrance to the prosperity of the country. In consequence Sir Andrew Clark strove, by the Pangkor Treaty of the 20th of January, 1874, to bring about a better relation, securing the right then to advise the ruler of Perak, and within a year those of the other two leading states, Selangor, and Sungei Ujong, respecting the collection of revenues and their administration.

In 1887, Sir F. Weld made an agreement with the Rajah of Pahang in accordance with which the control of his foreign relations was surrendered to the British Government, and in 1888 a further agreement brought that state under British protection on the same terms as the individual states above mentioned on the west coast of the Peninsula.

In 1895 the establishment of the federated states, known as Negri Sembilan (the nine states), a union of Sungei Ujong with other small states, gave the impulse for still closer relations among these different Malay States and the Straits Settlements.

Later, to take effect July 1, 1896, a federation of them all was formed (Perak, Selangor, Pahang and the Negri Sembilan) with the name of the Federated Malay States, to be governed under the advice of a British officer styled the Resident-General. Their estimated population is as follows :—

		1891.	1897.
Perak, (in 1879)-----	81,084	214,254	280,093
Selangor (in 1884)-----	46,568	81,592	160,000
Negri Sembilan-----	-----	70,730	85,000
Pahang-----	-----	-----	70,000
Total -----			595,093

Government.—At the present time the Residents of these four states, assisted by a corps of European officers, aid the native rulers by advice, and in general carry out the chief executive functions. In each state the supreme authority is vested in a State Council which consists of the highest native authorities and the principal British officers. The British Residents are appointed by the British Secretary of State for the Colonies, and are subordinate to the Resident General of the Federated Malay States and to the High Commissioner, an office held by the Governor of the Straits Settlements.

The Resident General supervises the work of the residents in each state and arranges mutual communication between the state governments and the High Commissioner. Subject to this authority the preceding system of administration remains, being shaped largely by the Residents. The states attempt to furnish each other assistance in men and money, the wealthier states assisting the others in need of help. Perak, for example, has been able to loan money to Selangor and to Pahang for the building and equipment of the new railways of those states.

These federated states have also the duty to raise and equip a force of native troops for service in the states, and in case Great Britain should be at war with any foreign power, they are expected to supply troops for the defense of the colony of the Straits Settlements.

The treaty of 1895 requires the rulers of the Federated States, together with the English Residents,

to meet periodically for discussion of affairs of mutual interest. Such meetings were held in 1897 and 1898 and in all respects seemed to be successful.

The spirit of the British Government in dealing with those states is shown, perhaps, most effectively by the relative salaries paid to the local native rulers, the Sultans, as compared with those paid to the English Officers who actually control the government.

The Governor of the Straits Settlements, who is also High Commissioner for these Federated Malay States, receives \$28,800 with an entertainment allowance of \$5,000. The Resident-General acting for all of the Federated Malay States receives \$12,000. On the other hand, the Sultan of Perak, one of these states, receives a salary of \$36,000, the British Resident in his state receiving only \$9,600. Similar differences are found in the other states, the Sultan of Selangor receiving \$18,000 while the British Resident receives only \$8,400.

Fiscal System.—The fiscal affairs of the colonies are determined quite largely by the nature of the population, more than half of whom are Chinese who are both the chief consumers of opium and the most efficient laborers both in agriculture and in mining.

The leading industry in these states is mining of tin, although at the present time agriculture is developing very rapidly, the chief products being rice, sugar, coffee and tea, the production of all of which is rapidly increasing.

Many improvements to further the internal development of the states have been made, especially in the building of railways. A principle which has been followed by the government is to manage these railways not primarily for profit, but to open up the states for

the sake of developing their industries, and for this purpose the states have not hesitated to lay upon themselves a heavy burden of debt.

Revenue.—The chief source of revenue in all the Federated Malay States comes from an export duty on tin. The total amount from this source in 1898 was \$3,210,699. Owing to the depreciation in the price of tin some two or three years ago, a new sliding scale was adopted which varies with the price, the average export duty being from ten to fifteen per cent of the value.

The revenue next in importance comes from taxes on land. The regulations relating to the land held by the natives under Malay tenure were made in 1890, each native to pay an annual quit rent to the Government in consideration of such holding. The chief rates in Pahang, which are typical, are as follows: On garden land, forty cents per acre; on swamp padi, forty cents per acre; on dry padi, twenty cents; on plough land, twenty cents; building lots in towns, twenty-four hundred square feet or under, pay per annum \$2; village lots \$1. For areas of forest land exceeding 100 acres, an assessment of \$3 is paid, with an annual quit rent of three cents per acre; for abandoned land or land with secondary growth of timber, a premium of \$1, or sometimes no premium, with a quit rent of from ten to twenty cents per acre. The amount received from lands in 1898 was \$636,927.

Licenses are also required for mining in all the different states, as well as for cutting of timber, or the capture or killing of large game,—elephants, rhinoceroses, etc., the fees to be notified by the English Resident.

Under an enactment of the 29th of November, 1897, the residents were empowered to constitute farms of the exclusive right of collecting duty payable on opium

imported, of spirituous liquors imported (import duties are collected only on opium and spirits), of issuing licenses for selling opium and spirituous liquors, keeping public gambling houses, licensing gaming, carrying on the trade of pawnbroker, collecting tithes and other duties, slaughtering cattle, etc. In the same year a new stamp duty providing stamps for various legal instruments, conveyances, checks, bills of exchange, etc., was passed. As in the Straits Settlements, there is also a license required for the sale of petroleum, the annual amount for twelve months for any amount not exceeding fifty cases being \$6, for that exceeding fifty cases and not exceeding five thousand cases \$24, and for every additional five thousand cases \$24. Further business licenses of a minor nature are also found in the several states.

PERAK.

In Perak, which is considerably further advanced in wealth than Pahang, in 1898 the revenues with the principal items, were as follows :

From customs,-----	\$2,358,713
From licenses, similar to those above,-----	911,288
From railways,-----	566,817
From land,-----	276,832
And from forests, which during that year was made a separate item from income on land,--	96,022

During that year the amount of the export duty on tin, owing to the increased price of the metal and the operation of the sliding scale, amounted to \$1,601,304.

The opium import duty, which had been raised from \$8 to \$9 early in the year and to \$12 per ball on the first of July, yielded \$730,840, together with \$1,805 from chests.

The railways in Perak show on the whole a profitable administration. The receipts and expenditures from

the two divisions, Larut and the Kinta Valley, are as follows :

	<i>Miles.</i>	<i>Receipts.</i>	<i>Expenditures.</i>
Larut -----	17½	\$ 66,151	\$ 54,419
Kinta Valley, ----	79	501,777	280,419
	<u>96½</u>	<u>\$567,928</u>	<u>\$334,838</u>

The total account at the close of that year was as follows :

Larut, -----	\$ 777,201 72
Kinta Valley, -----	4,291,674 69
Total, -----	<u>\$5,068,876 41</u>

The net profit of the year's working was :

On the Larut branch 1.50 per cent. of the capital account :

On the Kinta Valley branch, 5.16 per cent. of the capital account.

The total train mileage and profit per train mile was as follows :

	<i>Mileage.</i>	<i>Profit per train mile.</i>
Larut, -----	41,162	\$ 28
Kinta Valley, -----	217,151	1 02

The working expenses were as follows :

Larut Division, -----	82.62 % of the gross receipts.
Kinta Valley, -----	55.88 % of the gross receipts.

The contrast in accounts of the two lines show the policy of the colony in developing lines which as yet do not yield material profit.

Expenditures.—The expenditures besides the cost of administration with salaries of native as well as British rulers are largely on public works.

During the year 1898 there was expended on railway construction, in Perak \$2,196,174.36.

On public works during 1898 the expenditures were \$846,119, the amount for buildings being some \$230,000,

the rest being mostly for the building of roads, streets and bridges. A noteworthy fact is that these states are all of them expending much money for the completion of good metal cart-roads as well as bridle roads and paths.

The adjoining tables show the total expenditures of all the Federated Malay States from 1888 to 1898 inclusive, together with the chief sources of revenue, from 1894 to 1897 and the debts.

REVENUE.¹

[ooo omitted.]

Year.	Perak.	Selangor.	Negri Sembilan.	Pahang.	Total.
1888-----	\$2,016	\$1,418	\$223	---	\$3,658
1889-----	2,777	1,828	378	\$30	5,013
1890-----	2,504	1,889	385	62	4,840
1891-----	2,325	1,826	344	77	4,572
1892-----	2,690	2,135	472	50	5,347
1893-----	3,034	2,765	530	84	6,413
1894-----	3,542	3,334	535	100	7,512
1895-----	4,034	3,805	535	107	8,481
1896-----	3,961	3,757	555	161	8,435
1897-----	3,838	3,688	572	198	8,297
1898-----	4,576	3,862	701	225	9,364

EXPENDITURE.

[ooo omitted.]

Date.	Perak.	Selangor.	Negri Sembilan.	Pahang.	Total.
1888-----	\$1,709	\$1,055	\$249	---	\$3,014
1889-----	2,090	1,394	464	\$142	4,091
1890-----	2,556	1,997	387	298	5,237
1891-----	3,146	1,724	446	238	5,555
1892-----	3,095	2,044	473	271	5,883
1893-----	3,401	2,605	509	282	6,798
1894-----	3,587	2,817	509	249	7,162
1895-----	3,757	3,083	510	232	7,583
1896-----	3,989	3,573	573	462	8,598
1897-----	4,178	3,568	607	442	8,795
1898-----	5,561	4,446	731	373	11,110

¹ Tables all taken from the official "Reports on the Federated Malay States for 1897."

DUTY ON TIN.

[ooo omitted.]

Date.	Perak.	Selangor.	Negri Sembilan.	Pahang.	Total.
1888-----	\$ 851	\$ 527	\$ 58	--	\$1,437
1889-----	937	751	60	\$ 2	1,750
1890-----	861	673	71	5	1,609
1891-----	813	673	79	9	1,573
1892-----	1,125	828	135	8	2,097
1893-----	1,334	1,082	176	10	2,602
1894-----	1,649	1,402	169	18	3,238
1895-----	1,670	1,520	165	24	3,380
1896-----	1,541	1,377	181	27	3,127
1897-----	1,347	1,158	186	26	2,716
1898-----	1,601	1,347	228	34	3,211

LAND REVENUE.

[ooo omitted.]

Date.	Perak.	Selangor.	Negri Sembilan.	Pahang.	Total.
1888-----	\$ 86	\$ 50	\$ 53	--	\$189
1889-----	82	43	54	\$11	191
1890-----	75	33	38	20	166
1891-----	93	42	43	22	200
1892-----	153	82	52	14	301
1893-----	150	104	69	24	348
1894-----	236	123	70	28	457
1895-----	226	142	76	24	468
1896-----	281	134	66	30	511
1897-----	338	171	77	50	636
1898-----	277 ¹	193	103	63	637

POSTAL AND TELEGRAPH AND CONSOLIDATED RAILWAY RECEIPTS.

[ooo omitted.]

Date.	Post and Telegraph.	Railways.
1888-----	\$ 18	\$ 368
1889-----	26	359
1890-----	38	406
1891-----	44	415
1892-----	54	537
1893-----	71	724
1894-----	90	987
1895-----	111	1,294
1896-----	140	1,345
1897-----	141	1,294
1898-----	174	1,395

¹ Forest revenue \$96,022 is included in previous years, but not in 1898.

LABUAN, BRITISH NORTH BORNEO, SARAWAK.

These three colonies located in the north and west of Borneo, and a little island adjoining, are under the general supervision of the Governor of the Strait Settlements as High Commissioner, though each has its own local government. They are of, relatively speaking, so little financial importance that it will suffice to mention the chief sources of revenue and expenditure, and to give brief statistical tables of the totals.

LABUAN.

In Labuan the government is administered by a governor and a residential staff. Since 1889 the Governor of British North Borneo holds this position *ex-officio*. In 1871 the military garrison maintained by the imperial government was withdrawn and an armed police force substituted by the colony.

The chief sources of revenue are the import duties, licenses on tobacco, spirits, opium, and the fish market stalls. The tobacco and spirits licenses are practically monopolies, only one being granted. Next in importance are the land revenues including transfer and registration dues. The chief expenditures are for the cost of the establishment, although the government is also expending considerable money in public works, buildings, roads, streets and bridges. Since 1869 the colony has supported itself. Before that date, the expenditure of the colony was partly defrayed by the imperial Grant-in-Aid. The following table gives the gross amount of revenue and expenditure from 1890 to '96, together with the public debt, and shipping.

[ooo omitted.]

Year.	Finance.		Shipping Entered and Cleared.		Public Debt.
	Revenue.	Expenditure.	British Tonnage.	Total Tonnage.	
1890-----	\$23	\$26	102	115	£ 200
1891-----	42	30	114	124	200
1892-----	40	33	107	115	200
1893-----	40	36	94	109	400
1894-----	37	45	93	114	343
1895-----	48	70	133	141	342
1896-----	55	54	118	129	342
1897-----	56	49	263	325	-----

BRITISH NORTH BORNEO.

This territory was ceded by the Sultans of Brunei and Sulu in 1877-78 to Sir Alfred Dent, and was transferred in 1882 to the British North Borneo Co. It was placed under the protection of England in 1888 with some further cessions. The territories are administered by the Court of Directors in London appointed under the charter and a Governor and residents appointed by them, the appointment of the Governor being subject to the approval of the Secretary of State. Since 1889, he serves also as Governor of Labuan.

The revenue is derived from import duties, especially one on rice, a stamp duty, royalties on various exports, exemption taxes for natives, licenses for the sale of opium, spirits and tobacco and from the sales and rent of lands. The following table gives the total revenues, receipts from land sales and expenditures from 1890-'97.

[ooo omitted.]

	Revenue Proper.	Land Sales.	Expenditures.
1890-----	\$336	\$240	\$347
1891-----	376	7	410
1892-----	318	67	349
1893-----	249	0.8	254
1894-----	279	0.5	294
1895-----	301	1	230
1896-----	352	4	260
1897-----	380	1	292

SARAWAK.

Sarawak was ceded by the Sultan of Brunei in the year 1842 to Sir James Brooke, who became the well known Rajah Brooke of Sarawak. In '61, '82, '85 and '90 still further cessions were secured. In 1888 an agreement was entered into with the Rajah, under which this independent state was placed under British protection. The English government does not interfere with the internal administration, but determines any questions that arise regarding the succession. It controls foreign relations and has the right to establish consular officers. None of the territory can be alienated without the consent of England.

The principal sources of revenue are the opium, gambling, arrack and pawn farms, together with some harbor and light dues and some personal poll taxes. The revenues and expenditures from '92 to '97 are as follows :

[000 omitted.]

	Revenue.	Expenditure.
1892-----	\$462	\$425
1893-----	457	478
1894-----	458	487
1895-----	454	463
1896-----	494	444
1897-----	565	504

HONG KONG.

The system of government of Hong Kong, including its financial system and the sources of income and expenditure, are so similar to those of the Straits settlements, owing to the fact that the colony is similarly situated and has the same inducements for encouraging trade that it does not need special treatment, as regards sources of revenue and expenditures. The appended

table gives amounts, with population, shipping and debt, so that comparisons can be readily made :

Year.	[ooo omitted.]		Shipping Cleared and Entered.	
	Finance.		British Tonnage.	Total Tonnage.
	Revenue.	Expenditure.		
1890-----	\$1,995	\$1,915	6,995	13,676
1891-----	2,025	2,449	7,191	14,006
1892-----	2,237	2,343	7,576	14,153
1893-----	2,078	1,921	7,732	14,349
1894-----	2,287 ¹	2,299	7,778	13,951
1895-----	2,486	2,972	8,590	15,632
1896-----	2,610	2,475	8,758	16,516
1897-----	2,687	2,641	8,269	15,938

There is a public debt of £341,800.

	POPULATION.			
	European and American.	Chinese.	Others.	Total.
1891-----	8,545	210,955	1,901	221,401
1898-----	-----	-----	-----	248,710 (estimated)

FII.

The Straits settlements and the Federated Malay States are chiefly noteworthy from a fiscal point of view, from the fact that, lying on the main highway of commerce between the Indian Ocean and the Eastern Seas, they have found it advisable to limit the import duties entirely to those on opium and spirits, where the idea of police regulation is joined with that of revenue.

A typical colony of a somewhat different nature whose inhabitants are nevertheless comparable with those of the Federated Malay States is Fiji. This island, lying as it does separate from any of the other colonies and not so situated that it forms a convenient port for the trans-shipment of goods, has its revenues arranged on an entirely different basis.

The total area of Fiji is 7,435 square miles,—about

¹ Expenditure exclusive of \$236,810 for public works extraordinary, chargeable to the loan raised in 1893.

equal to Wales. Its population belonging to the darker of the two Polynesian families, although its blood has received considerable admixture with the other, is estimated, in 1897, at 121,798.

History.—These islands were discovered in 1643. Missionaries settled there in 1835. In 1859 the most powerful chief offered the sovereignty of the islands to Great Britain. Though this was declined for the time, in June, 1871, some Englishmen set up a government with the principal chief as king, a constitution was agreed upon and a parliament elected. Later, in 1873 and 1874, negotiations which had been entered upon were finally completed and the sovereignty was ceded to England in 1874.

Government.—The government consists of a governor appointed by the home government, an executive council consisting of the governor and four official members, and a legislative council consisting of the governor, six official and six non-official nominated members. To the natives a large share of self-government has been conceded. Their system of village and district councils has been recognized and improved, and supplemented by an annual meeting of the high chiefs and representatives from each province, presided over by the governor. The regulations recommended by these bodies have, however, to receive the sanction of the legislative council before acquiring the force of law. Local municipal governments have also been established in different places, these boards being regulated by the central government. The governing body in each town is elected by the rate payers.

Revenues.—A considerable portion of the revenue, "varying from £15,000 to £19,000," is raised from taxation of the natives as follows :

The colony is divided into fourteen provinces, each under the control of a chief native officer. Each province is sub-divided into districts with a sub-head. Once every year the provinces are severally assessed by the legislative council for the fixed amount of tax to be delivered in the form of produce, consisting of sugar-cane, copra, tobacco, yangona, cotton, maize, bêche-de-mer, and occasionally green fruit and yams. These products are either disposed of under permanent contracts at a fixed price per ton or are sold by public auction. The provincial council, consisting of these native officers, distribute the provincial taxes among the different districts, and there is further sub-division among the different villages. The amount and kind of produce paid by each province and district is recorded, and if the total value in any case exceeds the amount of the assessment, the surplus is returned in the form of money.

A large proportion of the revenue in Fiji, however, is derived from import duties. The new tariff coming into force on the 10th of March, 1898, increased the duty on some articles, and, undoubtedly, increased also largely the total amount of revenue from this source. Duties are levied on probably a hundred different articles, but the duties are in most cases low. The highest rate *ad valorem* is 20 per cent., levied on jewelry; fifteen per cent. is levied on perfumed oils and soaps and one or two other luxuries of a similar nature. Five per cent., ten per cent., and twelve and a half per cent., are the rates most generally levied on ordinary articles.

Specific duties are levied on iron products of different kinds, on various kinds of chemicals, including oils, and on some few articles of food.

Local Revenues.—Rates for local purposes are col-

lected on land and house property, which rates are limited to one shilling in the pound on the assessed value of ratable property, but special rates not exceeding one shilling in the pound are further provided for.

Likewise grants in aid, not exceeding one-fifth of the sum received by general tax may be paid from the general revenue to any town board. These grants in aid are especially provided for educational purposes.

Expenditures.—The chief items of expenditure in 1898 were the charges on account of the public debt and the different departments of the government, the legal and judiciary department requiring the largest sum. This was followed by the emigrant and treasury departments, then by the public works department and other salary accounts.

Debts.—In the years 1875 to 1878 the mother country advanced as much as £105,000 to the colony, all in aid of local revenue. A small part of this was repaid, some of it directly, some indirectly, by disbursing, for the account of the Imperial Government for expenses of the Western Pacific High Commission, sums out of the colonial funds.

In 1892 arrangements were made for the repayment of the balance by an annual installment of one per cent. The amount paid on account of the public debt in 1898 was £9,290, 5s. and 1d.. The colony is at present entirely self-supporting.

A comparison of the financial system of Fiji with those of the Straits Settlements and the Federated Malay States, calls especial attention to the difference in the sources of revenue, import duties being the chief source in Fiji and export duties on tin a chief source for the Federated Malay States. In both cases it is noteworthy that the revenues to be raised by licenses are admin-

istered largely by native officials under the supervision of English officers.

Tables are appended giving the revenue and expenditure for several years, with leading items for 1897; the imports, and exports, and the debts.

FIJI.

[ooo omitted.]

	Revenue.	Expenditure.
1875-----	£ 16	£ 41
1893-----	77	86 ¹
1894-----	80	72
1895-----	78	76
1896-----	74	73
1897-----	74	73
Revenue, 1897.		
Customs -----		£ 32,994
Shipping dues -----		4,254
Licenses and internal revenue -----		7,298
Native taxes (paid in produce) -----		19,217
Fees of court -----		6,847
Postage dues and stamps -----		2,686
Expenditures, 1897.		
Charges on account of public debt -----	£	9,297
Pensions -----		873
The Governor and Legislature -----		2,515
Colonial Secretary's department -----		1,130
Government printing office -----		1,522
Audit department -----		724
Postal department -----		2,664
Provincial department -----		5,739
Treasury -----		3,760
Customs department -----		2,688
Port and marine -----		1,464
Immigration -----		7,337
Judicial and legal -----		8,693
Police -----		2,989
Armed native constabulary -----		1,836
Prisons -----		2,975
Medical -----		4,548
Hospital and lunatic asylum -----		2,240
Education -----		1,595
Transport -----		1,434
Miscellaneous -----		1,166
Lands, works and survey department -----		1,670
Public works -----		4,370
Total -----		£ 73,229

¹ Some earlier here brought to account.

[ooo omitted.]		Imports.	Exports.
1896-----		£ 242	£ 435
1897-----		249	432
Imports subject to duty, 1897-----			£ 159
Free -----			90
			249
Public Debt.			
The public debt consists of a loan-----			£ 115,700
And advances, without interest, from the Imperial Gov't---			97,556
Total -----			£ 213,256

BRITISH NEW GUINEA.

Owing to its situation near Australia, the public men of that colony had advocated the annexation by Great Britain of as large a portion of the island of New Guinea as possible for some time before the British government was willing to undertake the task. In the meantime, part of the country had been taken possession of by Germany and part by Holland. The French government had established in the neighborhood penal settlements in New Caledonia, so that the advisability of controlling the unoccupied portions of this island became more apparent. In 1883 the government of Queensland annexed the southeastern part of New Guinea, but the annexation was not ratified by the imperial government. At length, however, the Australasian colonies agreeing to guarantee fifteen thousand pounds a year to meet the cost, a protectorate was established in 1884 over the present territory. Later, in 1887, the colonies of Queensland, New South Wales and Victoria undertook to guarantee in equal shares for ten years, fifteen thousand pounds for defraying the cost of administration, with the understanding that English sovereignty would be proclaimed. Queensland became responsible for the payment of the guaranteed sum. The imperial government during the last ten years has contributed

some fifty-two thousand pounds toward the foundation of the possession, while the local revenue has been paid over to Queensland for distribution among the guaranteeing colonies in reduction of their contributions mentioned.

The government is that of a crown colony—a Lieutenant Governor with an Executive and Legislative Council—but instead of dealing directly with the home government, the communications with the Lieutenant Governor pass through the Governor of Queensland, and that colony exercises supervision over the affairs of the possession. All laws passed are submitted to the Governor of Queensland, and the general law is that of that colony. Likewise, appeals from the courts go to the Supreme Court of Queensland. Of course final authority rests in the English government.

Finance.—There is a low customs tariff not exceeding ten per cent. ad valorem, and the trade, mostly with Queensland and New South Wales, though small, seems to be on the whole steadily increasing. The revenues and expenditures, with the imports, exports and shipping from 1888, are given in the following tables :

REVENUE OF BRITISH NEW GUINEA.

[illegible]

EXPENDITURES OF BRITISH NEW GUINEA.¹

Head of Expenditure.	1888-89	1889-90	1890-91	1891-92	1892-93	1893-94	1894-95	1895-96
	£	£	£	£	£	£	£	£
Civil list of salaries . .	2,633	3,300	3,290	3,300	3,300	3,300	3,248	3,186
Other salaries	1,796	2,381	3,476	3,559	3,707	3,479	3,640	3,779
Vessels and boats	2,747	2,564	2,938	2,993	1,600	1,308	2,114	1,587
Allowances	1,296	2,548	1,500	1,356	1,748	1,454	1,614	1,388
Buildings and works . .	185	1,144	979	780	872	435	397	661
Agriculture	2	137	355	335	146	203	145	142
Mail service	445	450	750	900	900
Miscellaneous	1,662	2,898	2,459	2,675	3,174	4,071	2,942	3,357
Total	10,769	14,975	15,000	15,000	15,000	15,000	15,000	15,000

	Imports.	Exports.	Shipping. Tons.
1888-89-----	£ 11,108	£ 5,943	-----
1889-90-----	16,104	6,455	-----
1890-91-----	15,530	8,134	-----
1891-92-----	23,756	11,289	5,669
1892-93-----	25,197	14,966	4,405
1893-94-----	28,500	14,952	6,663
1894-95-----	28,367	16,215	12,687
1895-96-----	34,521	19,401	28,704
1896-97-----	51,392	44,345	28,824
1897-98-----	46,971	49,859	26,551

MAURITIUS.

Without entering into details regarding the revenue system of Mauritius, it will serve to call attention to one or two items of special interest from the fiscal point of view.

In 1890 the system of levying a surcharge—of 10%—on the principal items of customs revenue was adopted. In 1895 this provisional duty was made permanent, and customs duties on several important articles were increased or decreased.

In 1892 a loan of £600,000 was raised to meet the wants and necessities created by a hurricane, and to provide for certain needed public works. The home

¹ Table taken from Annual Colonial Report for 1895-96 on British New Guinea, page 46.

government was requested to guarantee this loan and did so.

In 1897 the military contribution was fixed at $5\frac{1}{2}\%$ of the annual revenue.

An annual subsidy of 60,000 rupees has been paid to the Messageries Maratimes Co. Also one of £7,000 is paid to the Eastern and South African Telegraph Co., (limited), towards the expense of the cable from Mari-tius to Seychelles, and Seychelles to Zanzibar.

CEYLON.

Ceylon, lying off the southern extremity of Hindustan, contains a little more territory than Holland and Belgium together,—something over 25,333 square miles. The population in 1897 was estimated at 3,391,443. Of this number 6,545 were Europeans and 23,663 Burghers or European descendants. The largest part of the inhabitants consists of the Sinhalese,—2,174,200, and the Tamils, including the South India immigrants,—960,745. The climate is healthy for the tropics, and the island, on the whole, productive. While it had earlier been visited by Europeans, the first settlements were made in 1505 by the Portuguese. Later their settlements were conquered by the Dutch, and in 1795-96, the English took possession. In 1801 Ceylon was made a separate colony, and since 1815 the Island has been completely under the control of the English.

Government.—In 1831 a Council of Government was appointed, and in March, 1833, the government substantially as now existing was established. The government consists of a governor with an executive council of five, consisting of the lieutenant governor and colonial secretary, the officer commanding the troops, the attorney general, the auditor general and the treasurer. There is

also a legislative council of seventeen members, consisting of the five members of the executive council, four other official members, together with eight nominated unofficial members who represent different classes and races in the community.

For administrative purposes the Island is divided into nine provinces. For each of these is a government agent who, with his assistants and subordinate head men, acts as means of communication between the government and the natives.

There are three independent municipal governments—Colombo, Kandy and Galle. Besides these, there are fourteen local Boards of Health and Improvement, the main purpose of which is to keep a supervision of sanitary arrangements.

Revenue.—The revenue is principally derived from customs duties, excise and other internal revenue, and from the government railways, although considerable sums come from port, harbor and lighthouse duties, court fees, telegraphs, rent and sale of government property. The largest amount of the customs duties is received from those on grain, the total amount in 1896 being 2,464,438 rupees. The rates levied on some of the leading articles are one rupee per hundred weight on wheat flour; thirteen cents per bushel on paddy and barley imported for brewing; twenty-nine cents per hundred weight on rice, wheat, peas, beans and other grain, except those mentioned above. Next in importance to grain are spirits and cordials, which pay a duty of five rupees per imperial gallon of all spirits under proof, with an increase of fifty cents for every ten degrees over proof. Sugar, refined, and candy pay three rupees per hundred weight; cotton goods of various grades pay, generally speaking, about five per cent. The im-

port duties on some 130 articles, grouped under some twelve or fifteen heads, are still levied, though the list of exemptions is a long one.

There is an urgent demand for a revision of the revenue system in many particulars. Owing to a lively agitation against taxes on the food supply, coupled with much suffering on the part of the poor, the paddy rents—an old system of internal taxation derived from the ancient Kandyan rulers—were abolished. Inconsistently enough, however, the corresponding customs duty on paddy was not abolished, so that now there remains a high protective duty, with the necessity still remaining of a large import of rice to prevent actual suffering. In 1897, 8,723,750 bushels were imported, while some 6,000,000 bushels only were grown in the island free from tax. The burden of the tax falls heavily upon many of the poorer classes. The customs taxes seem, too, in many cases to be levied on the raw material, while the finished product is admitted free. The old import duty of 25 cents per pound on tea, about 50 per cent. *ad valorem*, still remains, although Ceylon has become one of the great exporting countries and raises a large sum from levies on exports of tea.

Export duties are levied also on plumbago, hides and horns, elephants, chanks and cinchona, the largest income being derived from the exportation of plumbago,—90,266 rupees,—the rate being twenty-five cents per hundred weight. A royalty of two hundred rupees per head is levied upon elephants exported, but none can be shipped without a permit from the district in which they have been captured. In accordance with an ordinance of 1892, an export duty of twenty cents was levied on every one hundred pounds of tea to provide revenue for the expenses of the Ceylon exhibit at the

Chicago Exposition. In 1894 this was continued, the proceeds to go into a fund to increase the use of Ceylon tea in foreign lands. The most important excises as a source of revenue are those on arrack, rum and toddy, amounting in 1896 to 2,487,770 rupees, the rate being 100 rupees for general sale.

A large revenue is derived, also, from salt,—999,801 rupees in 1896. Salt is a government monopoly. The cost is about forty cents per hundred weight, and it is sold to the dealers at about 2.36 rupees per hundred weight, or two and a fourth cents per pound, the difference being the profit from the revenue monopoly. When salt can be spared for export, it is sold from the government stores at from $4\frac{1}{4}$ to $5\frac{1}{4}$ rupees per ton.

Nearly one million rupees—939,894 in 1896—are derived from the port, harbor, wharf and lighthouse dues. There are special tonnage dues at each leading port, ranging from $2\frac{1}{2}$ rupees for smaller vessels up to 120 rupees for larger ones. Additional dues are also payable upon cargo discharged or loaded, together with warehouse charges for goods which remain in store.

The crown lands in Ceylon furnish a considerable item in the revenues, both from royalties on timber cut on a permit in crown forests, and from the sale of crown lands. In 1896, timber and fire wood cut on crown lands brought a revenue of 462,546 rupees, while from the sale of lands 443,089 rupees were realized. From 1833 up to the end of 1896, 1,471,272 acres had been sold, realizing £2,585,651. Probably two-thirds or more than nine hundred thousand acres have been purchased by Europeans for coffee, tea and other plantations, while in all probability the natives hold nearly three times this amount, a large part of these lands being held by title more or less good, obtained previous to

1833. In spite of these large sales of land and the amounts alienated earlier, large tracts, especially of pasture lands, still belong to the government and are made use of by the natives. The average prices received have usually been low, but some lands have sold at nearly £25 per acre. These high prices, of course, can be offset against the low prices of from five shillings to a pound in the earlier days.

The largest single item of revenue is that from the railways, all of which are owned by the government, the income in 1897 being 7,326,916 rupees. In 1897, the Ceylon government owned 297 $\frac{1}{8}$ miles of railroad track, not including some 31 miles more of sidings, all of 5 $\frac{1}{2}$ feet gauge. The original cost of these roads was 52,996,780 rupees, an average of 173,595 per mile. The average speed of trains on these roads is some 21 miles per hour. Against the large income of more than Rs. 7,000,000 in 1897 as given above should be offset, of course, the working expenses of the lines, etc., amounting to Rs. 3,428,899, leaving a profit on the whole of Rs. 3,898,017. The cost of the different lines of road, with the expenses of management, vary of course materially, but all of the lines yield a large net revenue.

The following brief paragraph gives the leading statistics regarding the railroads from 1890 to '96 inclusive :

Year.	Receipts Million Rupees.	Work- ing Ex- penses. Million Rupees.	Percent. of Receipts	Million Passen- gers.	Thou- sand Tons of Goods.	Miles of Line Open (aver- age).	Profit. Million Rupees.	Percent- age of Profits to Total Original Capital.
1890--	3,9	1,7	44.6	2,7	229	188 $\frac{3}{4}$	2,1	5.70
1891--	4,4	1,9	44.06	3,1	281	191 $\frac{1}{2}$	2,5	6.60
1892--	4,7	2,3	48.71	3,5	267	191 $\frac{1}{2}$	2,4	6.41
1893--	5,0	2,5	50.00	3,7	294	231 $\frac{3}{8}$	2,5	5.36
1894--	5,6	3,0	53.2	4,2	314	270 $\frac{1}{2}$	2,6	5.39
1895--	6,2	2,9	46.73	4,8	412	271 $\frac{3}{8}$	3,3	6.29
1896--	6,8	3,0	43.87	5,7	421	297 $\frac{3}{8}$	3,8	7.18
1897--	7,3	3,4	-----	-----	-----	-----	3,9	-----

Expenditures.—The principal items of expenditures are the establishments, contributions toward military expenditures, pensions, interest on loans and public works.

Besides the amount expended in building and improving the railways, the Public Works Department has expended in the different provinces large sums of money in building and improving hospitals and dispensaries, in roads and bridges, in maintaining canals, irrigation works and public buildings. Of special importance are the breakwaters, protecting the harbor at the city of Colombo and the water works system of the same city. Of metalled roads there were in 1896, 2,333 miles; of gravelled and natural roads, 673 and 487 miles, giving a total of 3,493 miles, on which there was a total expenditure during that year of 1,239,800 rupees. There was also in 1895 165 miles of canals. The roads mentioned are exclusive of roads within municipal limits and of those which are not in the charge of the Department of Public Works. Every male between the ages of eighteen and sixty-five is bound to perform six days' labor in the year on the roads or to contribute a rupee and a half by way of commutation. The total amount expended on irrigation works from 1867 up to and including 1896 was 8,060,030 rupees.

The brief table on the following page gives a general oversight of the financial situation in the colonies for the years 1890-97 inclusive.

The total customs revenue in 1897 was Rs. 5,973,785, being 6 per cent. of the imports.

Military Expenditure.—In the earlier years of the century when Ceylon was governed as a military settlement, the expenses to the imperial treasury for defense were considerable. There has been a number of

changes made in the military contribution for the colony within the last few years. In 1885 the payment of 600,000 rupees per annum was agreed upon, which

Year.	Finances.		Shipping Entered.	Imports.		Exports.	
	Revenue Million Rs.	Expenditure Million Rs.	Million Tons.	From U. K. Million Rs.	Total Million Rs.	To U. K. Million Rs.	Total Million Rs.
1890 ----	16,2	15,3	5,1	18,5	63,1	33,2	51,1
1891 ----	18,0	16,4	5,7	19,3	66,5	41,5	58,8
1892 ----	18,5	17,8	5,8	17,9	70,7	40,0	62,3
1893 ----	18,1	18,3	6,2	18,9	72,3	48,2	69,0
1894 ----	19,5	20,3	6,4	19,2	78,1	53,6	72,0
1895 ----	21,0	21,5	6,5	20,2	84,6	57,5	77,5
1896 ----	22,0	21,2	7,1	21,3	87,8	55,5	78,0
1897 ----	24,0	21,6	6,7	26,0	98,0	51,3	77,7

lasted until 1890 when there was a slight increase. It was stipulated that the colony in return for this military contribution of 600,000 rupees was to have a force of four hundred regular soldiers, the number estimated as required for colonial purposes in distinction from imperial requirements. The cash cost of four hundred was somewhat less than 516,000 rupees. The imperial government has always maintained more than four hundred soldiers in Ceylon, but of some of the cities, especially Trincomalee, the defence is considered to be an imperial one, and the expense has been carried entirely by the imperial government. In 1891 it was agreed by the Secretary of State for the Colonies that the colony should contribute £70,000 and that this contribution should increase by £10,000 each year until £100,000 were reached in 1894, and that it would then continue at that sum, unless a revision were made in 1895. Since 1895, however, the contribution has been arranged differently, being fixed at $\frac{3}{40}$ of the gross revenues, exclusive of

the land sales, about $7\frac{1}{2}$ per cent. of the revenue of the colony, while 25,000 rupees more are allowed for the refund of customs duties on articles imported for the use of the troops. In 1897 and '98, a still further ordinance was passed making the contribution $9\frac{1}{2}$ per cent. of the revenue less land sales and railway charges, but never to exceed three-quarters of the total cost of the garrison estimated at 151,250 rupees. There are also certain minor ordinances, but this gives substantially the cost of the contribution.

Local Finances.—Apart from the general revenue collections, local taxation is confined to the receipts of three municipalities, fourteen minor towns organized under local boards for sanitary purposes, sixty-four village councils in different districts, to the road ordinance contribution collected by the different provincial and different road committees throughout the country, to minor irrigation and market collections, to special assessments on minor towns, for police purposes, and on planters for grant-in-aid roads and cooly medical aid. The cooly medical aid is now chiefly raised from the customs. The amounts of local revenues raised in 1896, including balances, are about as follows :

Road committees.....	Rs. 1,018,722
Municipal councils.....	974,523
Local boards.....	165,865
Village councils (gansabhwawas)	72,162
Irrigation, etc	17,148
Markets.....	4,052
Total	2,252,472

The Governor is empowered to create committees, the members of which are to be partly nominated and partly elected, to provide for sanitation and the general welfare of towns and villages, which may be brought under the general law. Members elect-

ed to such boards receive no salary for their services. The accounts of such boards are audited by the auditor general. Their special funds consist of fines, stamp duties, licenses, taxes, fees, rents, markets slaughter houses, etc., while the government may contribute any portion of the cost of any especial work in any town that is estimated at more than one hundred rupees. There is also an assessment tax on houses within towns, the rate of which has varied considerably. At present, the maximum rate is five per cent. of the annual value, that being understood to be the gross value without any reduction for expenses, repairs, etc. In one of the municipalities, Colombo, a consolidated rate of eleven per cent. is levied for police, lighting and water, instead of the rates being levied separately as in the other municipalities. The local boards are also authorized by an ordinance of 1890 to borrow money for carrying out any water works of a permanent character, offering as security the taxes and rates. If we take the municipality of Colombo as typical, we may note that licenses are issued for the ownership of guns, the selling of intoxicating liquors, the selling of opium, of petroleum, to auctioneers, to butchers, etc., a very prominent source of revenue being commutation for labor under a road ordinance, while a tax on vehicles and animals brings in also considerable revenue. The list of expenditures calls attention to the fact that besides those for salaries and the ordinary expenditures for offices and keeping of the municipal buildings, the city itself supports and lights the markets, slaughter houses, and toll houses; builds and repairs the roads, bridges, culverts, parks, a lake and canal, and cemeteries; supports a fire brigade, keeps carts for its own scavenging, etc., the municipal government thus undertaking certain

lines of works that in other places are left to private initiative.

The Budget for 1898, by main headings, will serve sufficiently for illustration :

REVENUE.

Commutation under road ordinance	Rs. 63,000
Tax on vehicles and animals	20,000
Dog tax	3,000
Licenses	74,329
Judicial fines	18,075
Tolls	114,770
Markets	30,906
Slaughter houses	33,422
Health department	97,128
Miscellaneous	46,775
Total	501,405

EXPENDITURE.

Establishments (salaries and contingencies)....	Rs. 68,973
Commutation under road ordinance	5,100
Licenses and taxes	2,725
Markets	14,120
Slaughter houses	10,398
Toll houses and other buildings	2,347
Roads, bridges and culverts	127,627
Drains	22,578
Lake and canals	8,300
Parks	10,426
Cemeteries	7,633
Fire brigade	2,613
Health department	116,796
Sanitary account	2,500
Scavenging	34,000
Latrines	3,362
Printing department	2,884
Miscellaneous account	35,304
Victoria bridge account	8,000
Refund of loan and interest	12,000
Total	497,666

Debt.—The total amount of the outstanding debt of Ceylon, on Dec. 31, 1896, according to the Blue

Book of that year, was £3,519,503. In addition there had been made local loans of £3,290,595. These various debts were mostly due to various inscribed stock and debenture holders. The latter loans pay an interest of three per cent., some of the earlier of four, and in one instance of four and a half per cent. One debt of £250,000, of which nearly £100,000 has been repaid, was raised from the public works loan commissioners in England, and pays three and one-half per cent. The loans have been mainly made for the improvement of Colombo harbor and for the building of railways, although one loan of £331,000 was made for the construction of the Colombo water works, and another loan was partly used for other public works. Two loans amounting to \$365,000 were for the construction and improvement of certain irrigation works.

All of these loans, local as well as general, have been made a charge on the general revenue.

Results.—It will be noted that the general principles followed in determining the fiscal system of Ceylon differ materially from those of the Straits Settlements and Hong Kong, owing to the different situation. The development of those two colonies depends upon the development of their trade, and in consequence, revenues have been raised entirely by internal taxes, no duties whatever being levied on imports, excepting that on opium in the Straits Settlement, as a police regulation, and one on spirits and opium in the Federated Malay States for similar reasons. In Ceylon, however, where the prosperity of the colony depends upon the development of its internal resources, an entirely different plan has been followed as in some of the minor colonies mentioned before. A large percentage of the revenue is derived from import duties which, while they are

mostly levied with reference to the production of revenue, have nevertheless apparently in one or two cases something of a protective idea, although this is perhaps due chiefly to the delay in changing taxes to meet new conditions rather than from premeditated purpose. In both cases an effort has been made to retain to a considerable extent the taxes to which the natives were accustomed, even though they seemed at times to bring hardship upon the community. This has been especially true in Ceylon of the grain taxes and the paddy tax before its abolition in 1893.

Export taxes, which are so entirely contrary to the principles of the United States, are found in many of the colonies,—in fact, wherever the colony has a distinct advantage over the rest of the world in its productions. A noteworthy instance of this kind, however, is found in the export tax on tea in Ceylon, the receipts from which are used for the extension of the Ceylon tea market, and can hardly, therefore, be considered properly a part of the budget of the colony.

GENERAL CONCLUSIONS REGARDING THE BRITISH COLONIAL FISCAL SYSTEM.

This brief study of the colonies of England in the Far East leads to the following conclusions: Great Britain makes her dependencies, even though they are small and not yet completely developed, self-supporting. In certain instances, the home government grants favors in the way of loans, as for example, those to Fiji, but these loans are made with the expectation that they will be paid off. In one case, Mauritius, of which no full account has been given here, the home government has guaranteed a loan, raised to meet an emergency caused by a hurricane.

The mother country expects the colonies to pay also a military contribution, which shall cover the expense due to protection of the interests of the colony itself. Wherever ports are fortified with reference to the interests of the British Empire as a whole, the mother country bears the expense. No further favors are granted to the colony by the mother country beyond the keeping of order and the protection against other countries.

On the other hand, the mother country asks no favors from the colonies. No discriminating tariffs are levied as against the rivals of England, but the supremacy of England in the colonial markets is due entirely to the association natural with the mother country, and to the fact that England can supply goods to better advantage. Wherever this is not the case, other countries may take the markets on equal terms. The only apparent exception to this principle among the British colonies is one, in Canada, not dwelt upon in this report where a reduction of twenty-five per cent. in the regular tariff rates is made upon imports from the mother country. Even this, however, may fairly be considered as of the nature of a reciprocity arrangement, inasmuch as other countries do not admit Canadian exports on the same liberal terms as does the mother country.

The mother country holds generally the final power of determining what the system in each colony is to be; but except in cases of emergency the colony is generally allowed, through its officers, a majority of whom in the smaller colonies are appointed by the home government, to determine its own system.

In every case the system is one adapted to local needs and conditions and no attempt is made to keep uniform the systems in the different colonies.

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